



# Budgeting Tips

**Making and sticking to a budget can be difficult, but the payoffs are worth the effort. Whether your goals are to save for the future or to get out of debt, take a peek at these budget tips to help you meet your aims:**

- **How do you budget?** Examine your current spending, decide what your financial goals are, and evaluate which spending habits you need to change in order to meet your goals. Then monitor your spending to make sure that you are staying on track.

- **Keep track of the small things.** A small splurge every so often can be healthy, but if you haven't factored it into your financial plan and you still indulge in a café mocha every day, your budget might start to leak. Finding small savings won't solve all your budget problems, but it will make a dent.

- **Spend within your means.** Though it might seem necessary to keep up with the Joneses or to replace the three-year-old sofa, remind yourself that it's no fun to play catch-up to your



finances or live from paycheck to paycheck. Keep in mind what's most important to you, and focus on what you DO have--friends, family, hobbies--and not what you're lacking.



- **Don't factor potential bonuses or raises into your spending plan.** Budget with what you have, and if you do receive the money, it will be extra financial padding.
- **When your income increases or when you do meet your budget goals, don't automatically start spending more than you spent before.** First, reevaluate your budget to see if your goals are still the same, and be sure that you are staying ahead of



inflation. Keep in mind that a three percent yearly inflation means that prices will double in 24 years<sup>1</sup>. It's important to make accurate budget projections so you don't squander money when your bank account could use the savings.



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<sup>1</sup> <http://money.cnn.com/pf/101/lessons/2/page4.html>

- **If you have a large debt, you may need to make changes such as trading in a car that guzzles gas or has high payments, or foregoing your season football tickets.** It can be painful, but once your budget is under control, you can reevaluate and factor in these luxury items.
- **Keep in mind that it's worth refinancing your mortgage if rates are at least 2% lower than your current mortgage<sup>2</sup>.**
- **Use a financial computer program if you have trouble coming up with ideas for savings or need some organizational help.** Just try not to get too wrapped up in the details; if you spend a few more dollars than you budgeted every so often, your bank account won't go down the tubes.
- **If you spend too much money using credit cards, get rid of them!** Or at least don't carry them around with you. If you spend absent-mindedly, this may help you. It can, however, be a good idea to save a card for emergencies...but leave it hidden at home, if you think you will be tempted to use it.



**Money is an enormous emotional trigger for many people. Sticking to a budget does take effort, but it also offers psychological rewards: when you have a solid budget, you can spend less time worrying about money, and more time enjoying your life.**

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#### References:

<http://money.cnn.com/pf/101/lessons/2/>

<http://money.cnn.com/pf/101/lessons/2/page4.html>

<http://www.suzeorman.com/resources/managingdebt.asp?section=payingoffcredit>

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<sup>2</sup> <http://money.cnn.com/pf/101/lessons/2/page4.html>

